



STRONG SALES IN MAY RESULTED IN A GOOD QUARTER

“....Sales for the quarter started cautiously but gradually increased. Attractive campaigns and an efficient supply chain have contributed to fewer clearance sales and a sound gross margin...”

Read the full CEO statement on the next page.

- Sales increased by 2.1 per cent in the quarter. During the period September-May they decreased by 4.0 per cent.
- The gross margin for the quarter was 64.5 (63.7) per cent. Accumulated for the period September-May it was 62.7 (62.7) per cent.
- The operating profit was SEK 121 (119) million for the quarter and SEK 216 (310) million for September-May.

After the close of the quarter

- The Board of Directors appointed Göran Bille as Acting President & Chief Executive Officer.

	Third Quarter (Mar-May)			Nine month (Sep-May)		
	2017/2018	2016/2017	Change	2017/2018	2016/2017	Change
Net sales, SEK million	1 242	1 217	25	3 522	3 668	-146
Operating profit/loss, SEK million	121	119	2	216	310	-94
Gross margin, %	64,5	63,7	0,8	62,7	62,7	0,0
Operating margin, %	9,7	9,8	-0,1	6,1	8,5	-2,4
Profit after tax, SEK million	94	81	13	175	222	-47
Earnings per share, SEK	1,22	1,05	0,17	2,28	2,89	-0,61
Cash flow from operating activities, SEK million	292	322	-30	343	511	-168

For further information

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GÖRAN BILLE, ACTING CEO: STRONG SALES IN MAY RESULTED IN A GOOD QUARTER



Göran Bille
Acting President and Chief
Executive Officer

KappAhl, founded in 1953 in Gothenburg, is one of the leading Nordic fashion chains with 370 KappAhl and Newbie stores in Sweden, Norway, Finland, Poland and the Great Britain, as well as Shop Online. Our mission is to offer value-for-money fashion of our own design with wide appeal. Currently 53 % of the company's products are sustainability labelled. In 2016/2017 net sales were SEK 4.9 billion and the number of employees was about 4,000 in ten countries. KappAhl is listed on Nasdaq Stockholm. More information can be found at kappahl.com.

In the third quarter of 2017/2018 KappAhl's sales increased by 2.1 per cent to SEK 1,242 (1,217) million. This is compared with a strong quarter in the previous year as well. Successful campaigns and inventory levels similar to the previous year contributed to a gross margin of 64.5 (63.7) per cent. Continued sound cost control in operations contributed to an operating profit of SEK 121 (119) million and an operating margin of 9.7 (9.8) per cent in the quarter.

Sales for the quarter started cautiously but gradually increased. Attractive campaigns and an efficient supply chain have contributed to fewer clearance sales and a sound gross margin. We are pleased with increased market shares in Norway and that operations in Poland continue to make a positive contribution in their new form.

Our activities to increase KappAhl's attractiveness to the customer – the right range for the right customer and services that are equally simple and fast in store or online – are continuing. The spring range was well-coordinated when the unusually cold winter weather rapidly changed to high summer. The pre-summer campaigns were very well received. Inventories are similar to the previous year and we see that our revised purchasing procedures give us new opportunities to work seasonally with purchasing.

KappAhl's eCommerce has increased by about 40 per cent compared with the previous year and is thereby approximately 4.5 percent of total sales. The omni-channel services are also showing increased contributions to sales. More than half of our eCommerce is delivered via Click&Collect and contribute to extra sales in stores. The percentage of eCommerce orders made in store is also increasing. The determined work of guiding and following our customers in the ongoing change in behaviour includes both development of technology and services. Our new customer service increases service to our customers and is actively and positively contributing to our sales.

Newbie continues to perform well. As a result of the opening of another two stores Newbie in Great Britain is now a full-scale pilot that we will evaluate in the next few months to make a decision on continued expansion.

During the quarter KappAhl joined the Sustainable Apparel Coalition (SAC). Through active membership here we can harmonise our working methods for sustainability with other actors in the fashion industry as regards increased transparency and an increased pace of development of sustainable working methods and solutions.

The progress in the third quarter shows us that KappAhl is back on track. A range that continues to be attractive, well-coordinated campaigns and a well managed supply chain will lead to maintained high quality of sales. We continue to develop the organisation, purchases and logistics to be effective and agile. We develop both physical stores and digital channels to create attractive offers to our customers and to strengthen the brand. All with good cost control. Our aim is sound profitability through being our customer's preferred choice.

Göran Bille
Acting President and Chief Executive Officer

COMMENTS ON THE THIRD QUARTER

2.1 %

Increased sales

Net sales and profit

KappAhl's net sales for the quarter amounted to SEK 1,242 (1,217) million, an increase of 2.1 per cent. This is explained by the change in comparable stores, 2.7 per cent; the effect of new and closed stores, -2.6 per cent; and currency translation differences totalling 2.0 per cent.

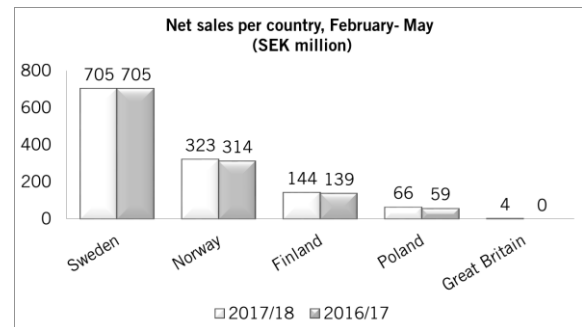
Gross profit for the quarter was SEK 801 (775) million, which corresponds to a gross margin of 64.5 (63.7) per cent.

Selling and administrative expenses for the quarter were SEK 680 (656) million.

Operating profit was SEK 121 (119) million. This is equivalent to an operating margin of 9.7 (9.8) per cent.

Depreciation was SEK 43 (33) million.

Net financial income was SEK 0 (-9) million for the quarter. Profit before tax was SEK 121 (110) million and profit after tax was SEK 94 (81) million. Earnings per share for the quarter were SEK 1.22 (1.05).

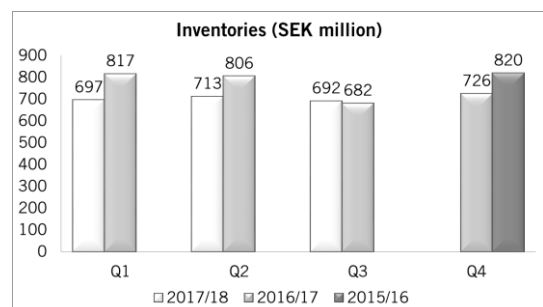


Taxes

Taxes during the period amounted to SEK 27 (29) million. The Group has net deferred tax assets of SEK 58 (31) million and deferred tax liabilities of SEK 157 (152) million. KappAhl recognises deferred tax assets referring to loss carry forwards attributable to Finland. Deferred tax assets referring to losses in Poland are not currently measured.

Inventories

At the close of the period inventories amounted to SEK 692 million (682), an increase of 1.5 per cent compared with the previous year and is mainly attributable to changes in USD.



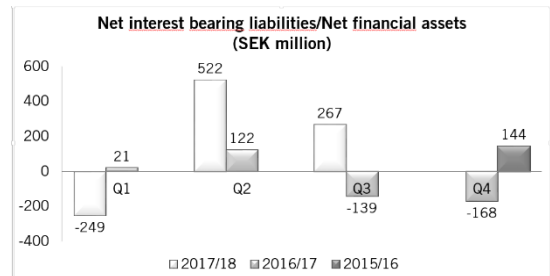
Cash flow

KappAhl's cash flow from operating activities before changes in working capital was SEK 158 (133) million. Cash flow from changes in working capital was SEK 134 (189) million and is mainly due to increased operating liabilities. The cash flow from investing activities was SEK -36 (-64) million, which in the first place was affected by investments in the new store concept and IT related investments. Cash flow from financing activities was SEK -239 (-106) million and is mainly attributable to reduced overdraft facilities.

Financing and liquidity

At the close of the period Kappahl had net interest-bearing liabilities of SEK 267 million compared with net financial assets of SEK 139 million as at 31 May 2017. The net interest-bearing liabilities/EBITDA ratio was 0.5 (-0.3) at the close of the period. The equity/assets ratio decreased to 57.2 (65.7) per cent.

Cash and cash equivalents amounted to SEK 54 (205) million as at 31 May 2018. At the period close there were unutilised credit facilities of about SEK 725 (981) million.

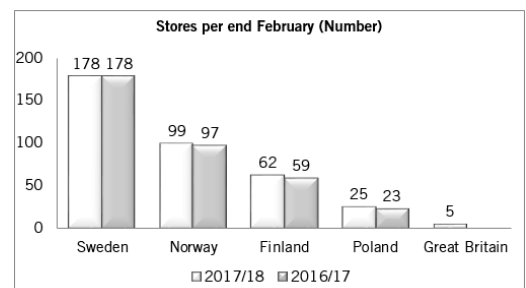


Store network and expansion

At the close of the period the total number of stores were 369 (357). Of these, 178 were in Sweden, 99 in Norway, 62 in Finland, 25 in Poland and 5 in Great Britain.

Four stores were opened during the quarter and two were closed.

The work of seeking attractive store locations in existing markets is proceeding, but priority is given to optimising store areas for the Group as a whole.



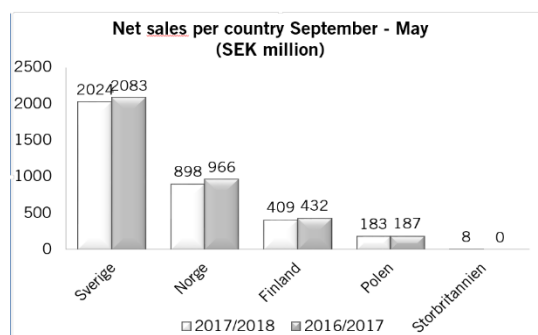
Parent company

Parent company net sales for the quarter were SEK 4 (7) million and pre-tax profit was SEK -1 (-13) million. The parent company did not make any investments during the period.

COMMENTS ON THE NINE MONTH PERIOD

Net sales and profit

KappAhl's net sales were SEK 3,522 (3,668) million for the nine month period. This is a decrease of 4.0 per cent compared with the previous year. This is explained by the change in comparable stores, -2.1 per cent; the effect of new and closed stores, -1.9 per cent; and currency translation differences totalling 0.2 per cent.



Gross profit for the period was SEK 2, 209 (2,299) million, which corresponds to a gross margin of 62.7 (62.7) per cent.

Selling and administrative expenses for the period were SEK 1,993 (1,989) million.

Operating profit was SEK 216 (310) million. This is equivalent to an operating margin of 6.1 (8.5) per cent.

Depreciation was SEK 110 (93) million.

Net financial income was SEK 1 (-7) million for the nine-month period. Pre-tax profit was SEK 217 (303) million and profit after tax was SEK 175 (222) million.

Earnings per share for the period were SEK 2.28 (2.89).

Investments

Investments of SEK 128 (143) million were made during the year and refer mainly to investments in existing and newly opened stores and investments in IT and processes for improved customer benefit.

Cash flow

KappAhl's cash flow from operating activities before changes in working capital for the nine-month period was SEK 232 (370) million. Cash flow from changes in working capital was SEK 111 (141) and was mainly attributable to increased operating liabilities. Cash flow from investing activities was SEK -128 (-143) million. Cash flow from financing activities was SEK -403 (-477) million and is mainly attributable to loans raised and higher dividend than the previous year as well as a completed share redemption.

Parent company

Parent company net sales for the nine-month period were SEK 14 (20) million and the pre-tax profit was SEK 31 (32) million. The parent company received dividend from subsidiaries of SEK 50 (49) million. Dividend of SEK 154 million has been distributed to shareholders and a further transfer to shareholders was made of SEK 499 million in the form of a share split combined with a share redemption procedure. During the period the parent company raised new short-term loans of SEK 200 million and utilised bank overdraft facilities of SEK 443 million. The parent company did not make any investments during the period.

OTHER INFORMATION

Related party transactions

During the nine-month period there were transactions with associated companies. Purchases were made for SEK 0.8 million from companies in the Mellby Gård group. The purchases were on commercial terms. In August 2017 the principal owner, Mellby Gård AB, offered the President/CEO and the Group Management options with a maturity of three years. For further information concerning this transaction please refer to the Annual Report for 2016/2017, Note 22.

Risks and uncertainties

The most important strategic and operative risks that affect KappAhl's operations and industry are described in detail in the annual report for 2016/2017. The risks include competition in the fashion industry, economic fluctuations, fashion trends, weather conditions, store locations, changed customer behavior and significant exchange rate fluctuations in currencies important for the company. The company has a customer-oriented business model where customer purchase patterns and behaviour are constantly analysed. The company's risk management is also described in the corporate governance report in the same annual report, under the section "Report on internal controls". The same applies to the Group's management of financial risks, which are described in the annual report for 2016/2017, Note 18. The reported risks are otherwise deemed to be unchanged in all essentials.

Post balance sheet events

On 14 June 2018 the Board of Directors of KappAhl AB (publ) appointed Member of the Board Göran Bille as Acting President with immediate effect as Danny Feltmann is standing down as President of the company.

This report has been reviewed by the company's auditors.

The Board of Directors and the President certify that the nine-month report provides a true and fair view of the parent company's and the Group's business, financial position and performance and describes material risks and uncertainties to which the parent company and the Group are exposed.

Mölnadal, 27 June 2018

KappAhl AB (publ)

Anders Bülow, Chairman

Susanne Holmberg

Cecilia Kocken

Marie-Louise Jansson Bring

Göran Bille, Acting President & CEO and Member of the Board

Pia Rudengren

Kicki Olivensjö

Thomas Gustafsson

Johanna Bergqvist

This information is information that KappAhl AB is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was released for public disclosure through the agency of Acting President and CEO Göran Bille on 27 June 2018 at 07.30 CET.

Financial calendar

Fourth quarter 2017/2018 (June-August)	11 October 2018
Annual General Meeting 2018	6 December 2018

Presentation of the report

A presentation of the report will be broadcast via the web and as a telephone conference today, 27 June, at 09.00. To participate by telephone please call +44 203 008 9804 about five minutes before the start. The webcast can be accessed via www.kappahl.se, under the heading "Financial information", select "[Reports & presentations](#)".

AUDITOR'S REPORT

KappAhl AB (Publ) corp. reg. no. 556661-2315

Introduction

We have reviewed the condensed interim financial information (interim report) of KappAhl AB (Publ) as of May 31, 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Mölnadal, June 27, 2018

PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

Amounts in SEK million	Q3 2017/2018	Q3 2016/2017	Sep-May 2017/2018	Sep-May 2016/2017	Latest 12 months Jun-May
Net sales	1 242	1 217	3 522	3 668	4 771
Cost of goods sold	-441	-442	-1 313	-1 369	-1 805
Gross profit	801	775	2 209	2 299	2 966
Selling expenses	-625	-606	-1 826	-1 835	-2 394
Administrative expenses	-55	-50	-167	-154	-217
Other operating income	-	-	-	-	-
Other operating expenses	0	0	-	0	0
Operating profit	121	119	216	310	355
Financial income	2	0	6	1	6
Financial expenses	-2	-9	-5	-8	-20
Total net financial expense	0	-9	1	-7	-14
Profit/loss before taxes	121	110	217	303	341
Taxes	-27	-29	-42	-81	-24
Net profit/loss for the period	94	81	175	222	317
Profit attributable to parent company shareholders	94	81	175	222	317
Earnings per share, SEK	1,22	1,05	2,28	2,89	4,13

Note 2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Q3 2017/2018	Q3 2016/2017	Sep-May 2017/2018	Sep-May 2016/2017	Latest 12 months Jun-May
Net profit/loss for the period	94	81	175	222	317
Items not to be recognised in net profit for the year					
Actuarial gains/losses	-	-	-	-	-2
Tax relating to actuarial gains/losses	-	-	-	-	-
Total items not to be recognised in net profit for the year	-	-	-	-	-2
Items to be recognised in income					
Translation differences for the period	6	-5	8	-3	10
Cash flow hedges – value change	10	-4	21	2	-6
Cash flow hedges returned to profit	5	-1	27	-9	27
Tax attributable to other comprehensive income	-3	1	-10	2	-4
Total items that have been reposted or may be reposted to the net profit for the year	18	-9	46	-8	27
Total comprehensive income attributable to parent company's shareholders	112	72	221	214	342

CONSOLIDATED BALANCE SHEET

Amounts in SEK million

	2018-May-31	2017-May-31	2017-Aug-31
ASSETS			
Non-current assets			
Intangible assets*	1 394	1 374	1 369
Tangible assets	431	455	436
Deferred tax assets	58	31	58
Total non-current assets	1 883	1 860	1 863
Current assets			
Inventories	692	682	726
Other operating receivables	188	177	201
Cash and cash equivalents	54	205	238
Total current assets	934	1 064	1 165
Total assets	2 817	2 924	3 028
EQUITY AND LIABILITIES			
Equity	1 610	1 922	2 042
Non-current liabilities			
Interest-bearing long-term liabilities	46	47	45
Deferred tax liabilities	157	152	148
Total non-current liabilities	203	199	193
Current liabilities			
Interest-bearing current liabilities	275	19	25
Non-interest-bearing current liabilities	729	784	768
Total current liabilities	1 004	803	793
Total equity and liabilities	2 817	2 924	3 028
*of which goodwill	696	696	696
*of which trademarks	610	610	610

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million

	Q3 2017/2018	Q3 2016/2017	Sep-May 2017/2018	Sep-May 2016/2017	Sep-Aug 2016/2017
Opening equity	1 498	1 850	2 042	1 805	1 805
Net profit/loss for the year	94	81	175	222	364
Other comprehensive income					
Year's translation differences	6	-5	8	-3	-1
Cash flow hedges - value changes	10	-4	21	2	-27
Cash flow hedges - recognized in income	5	-1	27	-9	-9
Actuarial gains/losses	-	-	-	-	-2
Tax attributable to item in other comprehensive income	-3	1	-10	2	8
Total comprehensive income	112	72	221	214	333
Transactions with shareholders					
Redemption of shares	-	-	-499	-	-
Dividend	-	-	-154	-96	-96
Total transactions with shareholders	-	-	-653	-96	-96
Closing equity	1 610	1 922	1 610	1 923	2 042

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK million	Q3 2017/2018	Q3 2016/2017	Sep-May 2017/2018	Sep-May 2017/2018
Cash flow from operating activities				
Operating profit	121	119	216	310
Adjustments for non-cash items	59	24	129	80
Paid interest and tax	-22	-10	-113	-20
Cash flow from operating activities before changes in working capital	158	133	232	370
Cash flow from changes in working capital				
Decrease (+) Increase (-) in inventories	22	124	34	138
Decrease (+) Increase (-) in operating receivables	21	-2	8	-27
Decrease (-) Increase (+) in operating expenses	91	67	69	30
Cash flow from operating activities	292	322	343	511
Cash flow from investing activities	-36	-64	-128	-143
Cash flow from investing activities	-36	-64	-128	-143
Change in bank overdraft facility	-239	-106	250	-381
Redemption of shares	-	-	-499	-
Dividend	-	-	-154	-96
Cash flow from financing activities	-239	-106	-403	-477
Cash flow for the period	17	152	-188	-109
Cash and cash equivalents at beginning of the period	38	53	238	314
Exchange rate differences in cash and cash equivalents	-1	-	4	-
Cash and cash equivalents at the end of the period	54	205	54	205

PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	Q3 2017/2018	Q3 2016/2017	Sep-May 2017/2018	Sep-May 2016/2017	Latest 12 months Jun-May
Net sales	4	7	14	20	24
Gross profit	4	7	14	20	24
Other operating charges	-6	-10	-21	-28	-29
Operating profit	-2	-3	-7	-8	-5
Result from participations in group companies	-	-	50	49	-404
Financial income	3	0	11	3	13
Financial expenses	-2	-10	-23	-12	-20
Profit/loss before taxes	-1	-13	31	32	-416
Taxes	-1	3	4	4	2
Net profit/loss for the period	-2	-10	35	36	-414

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

Amounts in SEK million	Q3 2017/2018	Q3 2016/2017	Sep-May 2017/2018	Sep-May 2016/2017	Latest 12 months Jun-May
Net profit/loss for the period	-2	-10	35	36	-414
Items not to be recognised in net profit for the year	-	-	-	-	-
Total items not to be recognised in net profit for the year	-	-	-	-	-
Items to be recognised in income	-	-	-	-	-
Total items to be recognised in income	-	-	-	-	-
Total other comprehensive income	-2	-10	35	36	-414

PARENT COMPANY BALANCE SHEET - SUMMARY

Amounts in SEK million	2018-May-31	2017-May-31	2017-Aug-31
ASSETS			
Non-current assets			
Financial assets	2 711	3 172	2 711
Deferred tax assets	5	4	1
Total non-current assets	2 716	3 176	2 712
Current assets			
Other operating receivables	8	156	37
Cash and cash equivalents	17	25	16
Total current assets	25	181	53
Total assets	2 741	3 357	2 765
EQUITY AND LIABILITIES			
Equity	1 343	2 411	1 961
Non-current liabilities			
Interest-bearing long-term liabilities	-	-	-
Total non-current liabilities	-	-	-
Current liabilities			
Interest-bearing current liabilities	644	2	-
Non-interest-bearing current liabilities	754	944	804
Total current liabilities	1 398	946	804
Total equity and liabilities	2 741	3 357	2 765

NOTES

Note 1 Accounting policies

The Group applies International Financial Reporting Standards, IFRS, as adopted by the EU.

The accounting policies applied are consistent with what is stated in the annual report of 31 August 2017.

IFRS 9 “Financial instruments” deals with classification, measurement and accounting for financial assets and liabilities. It replaces parts of IAS 39 that deals with classification and measurement of financial instruments.

IFRS 15 “Revenue from contracts with customers” contains a single model for revenue recognition referring to contracts with customers that are not covered by other standards. It replaces IAS11 “Construction contracts”, IAS 18 “Revenue” and the related interpretations IFRIC 13, 15, 18 and SIC-31.

The Group’s analysis has shown that the implementation of IFRS 9 and IFRS 15 will not have any material impact on the Group’s financial statements based on the extent of activities in 2018. Hence no transition effects will arise as a consequence of the introduction of these financial reporting standards.

IFRS 16 “Leases” will replace IAS 17 “Leases”. The standard comes into force on 1 January 2019 but early application is permitted. The company management assesses that the standard will have a material effect on the Group's reported assets and liabilities referring to the Group's tenancy agreements for premises, but has not yet quantified its effects. For further information please refer to the annual report.

This report was prepared in accordance with IAS 34. The report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities.

KappAhl currently has no outstanding share-based incentive programmes.

Note 2 Calculation of earnings per share

Earnings per share is restated for comparison periods. The number of shares has been adjusted to allow for the effect of the rights issue and reverse split of shares as well as redemption of warrants.

Note 3 Financial assets and liabilities measured at fair value

The Group’s financial instruments consist of trade receivables, other receivables, cash and cash equivalents, trade payables, interest-bearing liabilities, currency forwards and interest rate derivatives. The carrying amounts of trade receivables and trade payables represent a reasonable estimate of their fair values. Group loans are measured at amortised cost.

Fair value hierarchy:

The Group holds financial instruments in the form of interest rate derivatives and currency forwards that are recorded at fair value in the balance sheet. Fair value measurement of currency forwards is based on published forward rates on an active market. Measurement of interest swaps is based on forward rates derived from observed yield curves. The derivatives are recognised at fair value based on level 2 inputs in the fair value hierarchy.

The Group uses the following hierarchy to classify the instruments on the basis of the valuation technique:

1. Quoted prices (unadjusted) on active markets for identical assets or liabilities.
2. Other inputs than the quoted prices included in Level 1, that are observable for the asset or liability either direct (i.e. as prices) or indirect (i.e. derived from prices).
3. Inputs for the asset or liability in question that are not based on observable market data (non-observable inputs).

The Group uses derivative financial instruments to manage interest rate and currency risks. Hedge accounting is applied when there is an effective link between hedged flows and derivative financial instruments. The fair value of financial derivative instruments was SEK 21 (2) million for currency forwards and SEK 0 (-2) million for interest swaps. The Group hedges currency flows in USD, for which currency forwards have maturities of up to 6 months

NUMBER OF STORES PER COUNTRY

	2018-May-31	2018-Feb-28	2017-Nov-30	2017-Aug-31	2017-May-31
Sweden	178	180	181	179	178
Norway	99	98	98	96	97
Finland	62	59	59	59	59
Poland	25	24	24	22	23
Great Britain	5	2	1	0	0
Total	369	363	363	356	357

SALES PER COUNTRY

Amounts in SEK million	Q3 2017/2018	Q3 2016/2017	Change SEK %	Change local currency %
Sweden	705	705	0,0%	0,0%
Norway	323	314	2,8%	-0,3%
Finland	144	139	3,6%	-3,5%
Poland	66	59	11,9%	3,7%
Great Britain	4	-	-	-
Total	1 242	1 217	2,1%	-

Amounts in SEK million	Sep-May 2017/2018	Sep-May 2016/2017	Change SEK %	Change local currency %
Sweden	2 024	2 083	-2,8%	-2,8%
Norway	898	966	-7,0%	-5,1%
Finland	409	432	-5,3%	-8,4%
Poland	183	187	-2,1%	-7,5%
Great Britain	8	-	-	-
Total	3 522	3 668	-4,0%	-

GEOGRAFIC REPORTING

Amounts in SEK million	Net sales Q3 2017/2018	Net sales Q3 2016/2017	Operating income Q3 2017/2018	Operating income Q3 2016/2017
Nordic countries	1 172	1 158	120	129
Other	70	59	1	-10
Total	1 242	1 217	121	119

Amounts in SEK million	Net sales Sep-May 2017/2018	Net sales Sep-May 2016/2017	Operating income Sep-May 2017/2018	Operating income Sep-May 2016/2017
Nordic countries	3 331	3 481	215	339
Other	191	187	1	-29
Total	3 522	3 668	216	310

QUARTERLY INCOME STATEMENT

Amounts in SEK million	2017/2018			2016/2017				2015/2016				2014/2015				2013/2014			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1166	1115	1242	1 261	1 189	1 217	1 248	1 165	1 116	1 195	1 248	1 174	1 133	1 132	1 149	1 243	1 114	1 201	1 185
Cost of goods sold	-413	-460	-441	-437	-489	-442	-491	-401	-462	-420	-524	-431	-478	-433	-490	-456	-471	-448	-482
Gross profit	753	655	801	824	700	775	757	764	654	775	724	743	655	699	659	787	643	753	703
Selling expenses	-607	-594	-625	-626	-602	-606	-568	-597	-570	-614	-574	-606	-604	-612	-563	-651	-603	-617	-598
Administrative expenses	-56	-56	-55	-54	-51	-50	-50	-50	-53	-58	-51	-42	-42	-45	-44	-37	-37	-35	-36
Other operating income	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	90	5	121	144	47	119	139	117	31	103	99	95	9	42	52	99	3	101	69
Financial income	2	2	2	4	4	0	0	0	0	0	1	0	0	0	1	0	0	0	0
Financial expenses	-1	-2	-2	-5	0	-9	-15	-2	-2	0	-5	-8	-3	-5	-6	-12	-8	-38	-10
Total net financial expense	1	0	0	-1	4	-9	-15	-2	-2	0	-4	-8	-3	-5	-5	-12	-8	-38	-10
Profit/loss before taxes	91	5	121	143	51	110	124	115	29	103	95	87	6	37	47	87	-5	63	59
Taxes	-14	0	-27	-36	-17	-29	17	-32	-15	-14	-36	-26	-9	-14	-17	-25	-2	-21	-27
Net profit	77	5	94	107	34	81	141	83	14	89	59	61	-3	23	30	62	-7	42	32
Operating margin	7,8%	0,4%	9,7%	11,4%	4,0%	9,8%	11,1%	10,0%	2,8%	8,6%	7,9%	8,1%	0,8%	3,7%	4,5%	8,0%	0,3%	8,4%	5,8%
Earnings per share, SEK	1,00	0,07	1,22	1,39	0,44	1,05	1,84	1,08	0,18	1,16	0,77	0,81	-0,04	0,30	0,39	0,83	-0,09	0,56	0,42
Number of stores	363	363	369	368	357	357	356	373	370	373	368	377	373	372	368	389	379	378	377

YEARLY INCOME STATEMENT

Amounts in SEK million	Sep-Aug 2016/2017	Sep-Aug 2015/2016	Sep-Aug 2014/2015	Sep-Aug 2013/2014	Sep-Aug 2012/2013
Net sales	4 916	4 724	4 588	4 743	4 751
Cost of goods sold	-1 860	-1 806	-1 832	-1 857	-1 937
Gross profit	3 056	2 918	2 756	2 886	2 814
Selling expenses	-2 403	-2 356	-2 385	-2 469	-2 488
Administrative expenses	-205	-212	-173	-145	-150
Other operating income	1) -	-	-	-	76
Operating profit	448	350	198	272	252
Financial income	1	1	1	0	1
Financial expenses	-22	-10	-22	-68	-88
Total net financial expense	-21	-9	-21	-68	-87
Profit/loss before taxes	427	341	177	204	165
Taxes	-63	-96	-66	-75	-74
Net profit/loss for the year	364	245	111	129	91
Operating margin	9,1%	7,4%	4,3%	5,7%	5,3%
Earnings per share after dilution, SEK	4,74	3,19	1,45	1,71	1,32

1) Capital gain sale of property Q1 2012/13

DEFINITIONS

Some information in this report used by company management and analysts to assess the Group's development has not been prepared in accordance with IFRS.

The company management considers that this information makes it easier for investors to analyse the Group's performance and financial structure. Investors should regard this information as a complement to rather than a replacement for financial reporting in accordance with IFRS.

Key figures and ratios	Definition/calculation	Purpose
Margins		
Gross margin	Gross profit as a percentage of net sales	Gross margin is used to measure profitability of goods distribution
Operating margin	Operating profit as a percentage of net sales	Operating margin is used to measure operative profitability
Return		
Return on equity	12-month rolling profit for the period as a percentage of average equity	This key ratio shows return on owners' invested capital from the point of view of the owners
Return on capital employed	12-months rolling operating profit plus financial income as a percentage of capital employed	This key ratio is the central measure of return on all capital used in the business
Capital structure		
Net interest-bearing liabilities/Net financial assets	Interest-bearing liabilities minus cash and cash equivalents	Used to measure the capacity for repaying interest-bearing liabilities with available cash and cash equivalents if these fell due on the date of the calculation
Net interest-bearing liabilities/EBITDA (multiple)	Net interest bearing liabilities / EBITDA for immediately preceding twelve-month period	Net debt / EBITDA gives an estimate of the company's capacity to pay its interest bearing liabilities
Equity-assets ratio	Equity / balance sheet total at the close of the period	This key ratio shows financial risk, expressed as the proportion of total capital that is financed by the owners
Average equity	Equity at the close of the period and equity at the close of the period of comparison in the previous year, divided by two	Average equity is used when calculating the key ratio return on equity
Capital employed	Balance sheet total less non-interest bearing debt including deferred tax liabilities at the close of the period and for the period of comparison in the previous	Capital employed measures the use of capital and effectiveness
Data per share		
Equity per share	Equity / number of shares	Equity per share measures the company's net value per share and determines whether a company increases the shareholders' wealth over time
Earnings per share	Profit after tax / average number of shares	This key ratio is used to assess the development of the investment from the point of view of the owners
Earnings per share after dilution	Profits after tax / average number of shares after full dilution	This key ratio is used to assess the development of the investment from the point of view of the owners
Other definitions		
Gross profit	Net sales less cost of goods sold	Gross profit is used to measure profitability of goods distribution
Operating profit (EBIT)	Profit before net financial income and income tax (EBIT= earnings before interest and taxes)	This key ratio makes it possible to compare profitability regardless of corporate tax rate and independent of the company's financing structure
Operating profit (EBITDA)	Operating profit before amortisation and impairment (EBITA = earnings before interest, tax, depreciation and amortisation)	This key ratio is used to measure cash flow from operating activities, regardless of the effects of financing and valuation of non-current assets
Sales in comparable stores	Change in sales in comparable units (on a like-for-like basis) after adjustment for opened/closed stores and foreign exchange effects	This key ratio makes it possible to analyse sales excluding opened/closes stores and foreign exchange effects
Interest coverage ratio (multiple)	Operating profit plus interest income / interest expense, for the preceding twelve—month period	This key ratio shows the company's capacity to cover its financial expenses
Overhead expenses as a percentage of sales	Selling expenses and administration expenses / Net sales	The key ratio shows shows the realiton of the company's overhead expenses to sales

KEY RATIOS

	Q3 2017/2018	Q3 2016/2017	Sep-May 2017/2018	Sep-May 2016/2017	Latest 12 months Jun-May
Earnings per share, SEK	1,22	1,05	2,28	2,89	4,13
Total depreciation	43	33	110	93	143
Operating result (EBIT)	121	119	216	310	355
Gross margin	64,5%	63,7%	62,7%	62,7%	62,2%
Operating margin	9,7%	9,8%	6,1%	8,5%	7,4%
Interest coverage ratio	-	-	18,1	27,6	18,1
Net interest-bearing liabilities	267	-139	267	-139	267
Net interest-bearing liabilities/EBITDA	-	-	0,5	-0,3	0,5
Equity/assets ratio	57,2%	65,7%	57,2%	65,7%	57,2%
Equity per share, SEK	20,96	25,02	20,96	25,02	20,96
Return on equity	-	-	-	-	18,0%
Return on capital employed	-	-	-	-	17,1%
Number of shares	76 820 380	76 820 380	76 820 380	76 820 380	76 820 380

RECONCILIATION BETWEEN IFRS AND USED KEY RATIO DEFINITIONS

OPERATING PROFIT (EBITDA)

	Q3 2017/2018	Q3 2016/2017	Sep-May 2017/2018	Sep-May 2016/2017	Latest 12 months Jun-May
Amounts in SEK million					
Operation profit	121	119	216	310	355
Depreciations and write-downs	43	33	110	93	143
Operation profit (EBITDA)	164	152	326	403	498

KAPPAHL'S 20 LARGEST SHAREHOLDERS AS AT 31 MAY 2018

	Number of shares	Percentage of shares and votes 2018-May-31	Change compared with 2017-Feb-28
Mellby Gård AB	22 721 692	29,58	2 000 000
Fidelity Funds - Nordic Fund	5 172 538	6,73	1 349 968
Swedbank Robur fonder	5 122 454	6,67	0
Handelsbanken fonder	1 795 346	2,34	-945 464
SEB Investment Management	1 693 994	2,21	-30 895
State street Bank	1 684 751	2,19	1 154
CBNY-DFA-INT SML CAP V	1 503 645	1,96	0
CBLDN-OM European Equity (EX UK)FD	1 381 634	1,80	1 206 043
Nordea Investment Funds	1 209 048	1,57	400 046
Försäkringsaktiebolaget, Avanza Pension	1 187 528	1,55	-269 461
Nordea Livförsäkring Sverige AB	837 350	1,09	294 130
JPMC:ESCROW Swiss Resident Account	720 261	0,94	605 924
The Nomura Trust and Banking LTD, RE FID EUR	704 100	0,92	-21 556
Fidelity Funds European Smaller, Companies Pool	554 323	0,72	-18 111
ELO MUT PENS INS	553 389	0,72	295 148
Euroclear Bank S.A/N.V, W8-IMY	522 406	0,68	216 669
SEI Trust Company for the ben of, Segall	485 775	0,63	62 132
JPM CHASE NA	484 496	0,63	-2 805
CBNY-DFA-CNTL SML CO S	458 925	0,60	12 775
NTC EXEMPT ACC US PENS FND NON LEND	451 233	0,59	43 512
Other	27 575 492	35,88	-5 199 209
Total	76 820 380	100,00	0,00